

# Hitachi Metals, Ltd. (Feb. 2, 2009)

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## Consolidated Financial Report for the 9-month period ended December 31, 2008

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Listed Stock Exchanges: Tokyo and Osaka (First Section, Code 5486)

### 1. Performance over the year, April 1, 2008 to December 31, 2008 (Figures are rounded off to the nearest million yen)

(1) Consolidated Operating Results	12/08(quarter)	12/07(quarter)	(Change)	3/08
Net sales (million yen)	496,745	527,389	(5.8%)	701,075
Operating income (million yen)	32,934	44,190	(25.5%)	59,698
Income before income taxes and minority interests (million yen)	25,075	42,002	(40.3%)	51,427
Net income (million yen)	9,597	22,360	(57.1%)	27,034
Net income per share (yen)	27.22	63.20	(56.9%)	76.48
Diluted net income per share (yen)	—	—	—	—

(2) Consolidated Financial Position	12/08(quarter)	12/07(quarter)	3/08
Total assets (million yen)	578,134	638,845	619,466
Net assets (million yen)	230,700	237,333	235,507
Equity ratio (%)	36.1	33.7	34.4
Net assets per share (yen)	591.39	610.84	604.22

Note: Shareholders' equity (12/08: 208,470 3/08: 213,026)

2. Dividend	12/08(quarter)	12/07(quarter)	3/09 (Planned)
Annual dividend per share (yen)	—	—	14.00
Interim (yen)	—	—	7.00
End of period (yen)	—	—	7.00
Total dividend paid (full year) (million yen)	—	—	—
Consolidated dividend payout ratio (%)	—	—	—
Dividends to net assets (consolidated)	—	—	—

### 3. Forecasts of results for the term, April 1, 2008 to March 31, 2009

	Full-year	Year-on-year Change (%)
Net sales (million yen)	592,000	(15.6)
Operating income (million yen)	12,000	(79.9)
Income before income taxes and minority interests (million yen)	2,000	(86.2)
Net income (million yen)	0	—
Net income per share (yen)	0.00	—

### 4. Other

- (1) Changes in major subsidiaries during the period under review: None
- (2) Changes in accounting principles, procedures and methods of presentation in consolidated financial statements (changes to important items that form the basis for preparing consolidated financial statements)  
Changes resulting from revisions to accounting standards: For details, Please refer to page 8.
- (3) Numbers of shares issued (Common stock)  
Number of shares outstanding at end of year (including treasury stock) 12/08: 366,557,889 3/08: 366,557,889  
Number of treasury stock outstanding at end of year 12/08: 14,051,491 3/08: 13,996,744  
Number of shares average at end of year 12/08: 352,526,758 12/07: 353,792,777

Note: The forecast figures, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected.

## **Consolidated Financial Report for the Third Quarter Ended December 31, 2008**

### **1. Qualitative Information Regarding Consolidated Business Results**

Spilling over into the global economy, the U.S.-led financial crisis triggered downturns in both the U.S. and European economies and an economic slowdown throughout Asia during the first three quarters of the fiscal year ending March 31, 2009. On the domestic front, business conditions were also weak, impacted by such factors as the drop in capital investment.

In the industries in which the Hitachi Metals Group operates, circumstances were generally fragile. In addition to the persistent downturn in U.S. sales, the automobile industry was negatively impacted by decelerating trends throughout Europe and Asia and the continued slump in Japan. Buffeted by an ongoing slump in the memory market, conditions in the semiconductor industry were weak. Despite the relative strengths of such newly emerging countries as China, the mobile phone industry suffered under soft domestic demand. In personal computers, the market continued to slow, reflecting the downturn in the economy. After experiencing firm conditions during the first half of the fiscal year, the steel industry saw an abrupt about-face that led to a slackening in both domestic and foreign demand. Turning to construction activity in Japan, housing starts remained at a low level. This poor operating environment was exacerbated by a slump in public investment.

Against the backdrop of this harsh business environment, which included sudden market deceleration in the automobile industry since the latter half of the second quarter, the downturn in electronics-related sectors and cutbacks in capital investment, overall demand declined. As a result, net sales for the nine-month period ended December 31, 2008 amounted to ¥496,745 million. On the earnings front, the substantial drop in sales impacted profits. Operating income for the period under review was ¥32,934 million while income before income taxes and minority interests was ¥25,075 million. Taking into consideration such extraordinary losses as the devaluation in investment securities held, Hitachi Metals reported net income of ¥9,597 million.

Results by business segment are presented as follows. Sales amounts include inter-segment sales and transfers.

#### **High-Grade Metal Products and Materials**

Sales in this segment totaled ¥222,879 million while operating income was ¥14,962 million.

With the impact of the slowdown in the automobile- and household appliance-related markets held to a relative minimum, sales of molds and tool steels increased owing to firm domestic and export demand. Despite robust sales in Asia through to the second quarter of the fiscal year under review, results in LCD panel-related materials were unchanged year on year. Turning to semiconductor and other packages, sales declined owing to the continued slump in memory demand. Taking into consideration each of the aforementioned results, overall sales of alloys for electronic products decreased.

Given the modest impact of a cutback in steel production as well as strong demand up to the second quarter of the fiscal year ending March 31, 2009, sales of rolls increased. On the other hand, results for injection molding machine parts contracted, reflecting the increasingly lackluster market. Sales of cutting

tools decreased due to a variety of factors, including the sharp deterioration in automobile- and electronics-related capital investment.

#### Electronics and IT Devices

Segment sales and operating income were ¥117,369 million and ¥12,808 million, respectively.

The market for rare-earth magnets continued to see mixed conditions. On the one hand, cutbacks in automobile- and household appliance-related production as well as efforts to restrict FA-related and other capital investment had a negative impact. On the other hand, results were vibrant up to the second quarter of the fiscal year under review. As a result, sales for the nine-month period ended December 31, 2008 were on par with the corresponding period of the previous fiscal year. Buffeted by the considerable drop in automobile demand, sales of ferrite magnets declined. Reflecting the aforementioned factors, overall permanent magnet sales decreased year on year.

In soft magnetic materials, overall sales were up compared with the corresponding period of the previous fiscal year. Despite contractions in sales of both soft ferrite and FINEMET<sup>®</sup> on the back of a downturn in demand, this was attributable to favorable amorphous metal results that reflected strong transformer demand, particularly from China and India.

Turning to mobile phone devices, sales of isolators for use in base stations were up due to steady demand. These gains were more than offset by the drop in multilayered device sales owing mainly to a substantial decline in demand during the third quarter of the fiscal year under review. As a result, overall sales of mobile phone components were down.

#### High-Grade Functional Components and Equipment

Sales in this segment totaled ¥156,357 million while operating income amounted to ¥8,398 million.

Buoyed by robust demand in the six-month period ended September 30, 2008, sales of ductile iron increased year on year. In heat-resistant castings, sales were impacted by a decline in demand, particularly from North America. Buffeted by the drop in automobile production both in Japan and North America, sales of aluminum wheels decreased.

On the domestic front, residential investment continued to hover at a low level. This resulted in a downturn in pipe fitting sales. Sales of stainless steel and plastic piping components also contracted due to the aforementioned weak residential investment in Japan exacerbated by a slump in housing starts in the United States.

Turning to access flooring and structural systems, sales were up. This was attributable to an upswing in access flooring demand for use in computer rooms and office buildings as well as an increase in structural system orders for application in mainstay steel-frame plinths.

#### Services and Other

Services and Other segment sales were ¥74,657 million with operating income totaling ¥1,112 million.

## **2. Qualitative Information Regarding Changes in Consolidated Financial Position**

During the nine-month period under review, net cash provided by operating activities effectively offset net cash used in investing activities. With net cash used in financing activities totaling ¥7,917 million, cash and cash equivalents as of December 31, 2008 stood at ¥36,508 million, down ¥11,313 million compared with the end of the previous fiscal year.

Details of balances and the principal movements in cash flows are provided briefly as follows.

### *Cash Flows from Operating Activities*

Net cash provided by operating activities amounted to ¥30,246 million. The principal cash inflows were income before income taxes and minority interests of ¥25,075 million and the decrease in notes and accounts receivable—trade of ¥18,392 million.

### *Cash Flows from Investing Activities*

Net cash used in investing activities was ¥30,321 million owing primarily to the purchase of property, plant and equipment totaling ¥31,620 million.

### *Cash Flows from Financing Activities*

Net cash used in financing activities totaled ¥7,917 million. The major components were cash dividends paid of ¥5,224 million and interest expenses paid of ¥2,377 million.

## **3. Qualitative Information Regarding Forecasts**

With the speed and scale of the global economy's deterioration progressing at levels that far exceed market expectations, recent economic conditions are increasingly recognized as being in a state of flux. Against this backdrop, the automobile- and electronics-related sectors, key markets in which the Hitachi Metals Group operates, are experiencing further declines in demand and cutbacks in capital investment. With extremely harsh business conditions expected to continue into the future, Hitachi Metals has decided to revise its consolidated business results forecasts, previously announced on December 16, 2008, for the full fiscal year (April 1, 2008 to March 31, 2009).

**Consolidated quarterly balance sheets**

(Millions of Yen)

	End of 12/08	End of 3/08	(difference)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	30,612	36,856	(6,244)
Notes and accounts receivable-trade	99,117	123,678	(24,561)
Deposit paid in subsidiaries and affiliates	5,528	10,620	(5,092)
Finished products	51,166	47,272	3,894
Work in process	38,158	37,851	307
Raw materials	35,835	36,834	(999)
Other	24,078	23,100	978
Allowance for doubtful accounts	(409)	(479)	70
<b>Total current assets</b>	<b>284,085</b>	<b>315,732</b>	<b>(31,647)</b>
<b>Noncurrent assets</b>			
Property, plant and equipment			
Buildings and structures, net	58,350	59,723	(1,373)
Machinery, equipment and vehicles, net	89,113	83,800	5,313
Land	52,111	53,031	(920)
Other, net	14,976	18,940	(3,964)
Total property, plant and equipment	214,550	215,494	(944)
Intangible assets			
Goodwill	47,511	49,931	(2,420)
Other	5,956	5,403	553
Total investments and other assets	26,032	32,906	(6,874)
<b>Total noncurrent assets</b>	<b>294,049</b>	<b>303,734</b>	<b>(9,685)</b>
<b>Total assets</b>	<b>578,134</b>	<b>619,466</b>	<b>(41,332)</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	80,969	98,671	(17,702)
Short-term loans payable	60,921	50,981	9,940
Current portion of long-term loans payable	18,561	20,980	(2,419)
Current portion of bonds	6,532	11,249	(4,717)
Income taxes payable	5,166	11,942	(6,776)
Provision	191	294	(103)
Other	37,410	45,695	(8,285)
Total current liabilities	209,750	239,812	(30,062)
<b>Noncurrent liabilities</b>			
Bonds payable	34,000	40,008	(6,008)
Convertible bond-type bonds with subscription rights to shares	40,000	40,000	—
Long-term loans payable	26,912	27,209	(297)
Provision for retirement benefits	26,671	25,891	780
Other provision	4,330	4,456	(126)
Other	5,771	6,583	(812)
Total noncurrent liabilities	137,684	144,147	(6,463)
<b>Total liabilities</b>	<b>347,434</b>	<b>383,959</b>	<b>(36,525)</b>
<b>NET ASSETS</b>			
<b>Shareholders' equity</b>			
Capital stock	26,284	26,284	—
Capital surplus	41,244	41,241	3
Retained earnings	166,446	161,488	4,958
Treasury stock	(10,637)	(10,552)	(85)
<b>Total shareholders' equity</b>	<b>223,337</b>	<b>218,461</b>	<b>4,876</b>
<b>Valuation, translation adjustments</b>			
Valuation difference on available-for-sale securities	403	(208)	611
Foreign currency translation adjustments	(15,270)	(5,227)	(10,043)
<b>Minority interests</b>	<b>22,230</b>	<b>22,481</b>	<b>(251)</b>
<b>Total Net Assets</b>	<b>230,700</b>	<b>235,507</b>	<b>(4,807)</b>
<b>Total liabilities and net assets</b>	<b>578,134</b>	<b>619,466</b>	<b>(41,332)</b>

**Consolidated Quarterly Statements of Income**

(Millions of Yen)

	<b>3rd quarter fiscal 2008 (Dec.31.08)</b>	<b>Ratio to Sales (%)</b>	<b>3rd quarter fiscal 2007 (Dec.31.07)</b>	<b>Ratio to Sales (%)</b>	<b>(difference) (%)</b>
<b>Net sales</b>	<b>496,745</b>	100.0	527,389	100.0	94
Cost of sales	401,010	80.7	415,306	78.7	97
<b>Gross profit</b>	<b>95,735</b>	19.3	112,083	21.3	85
Selling, general and administrative expenses	62,801	12.6	67,893	12.9	92
<b>Operating income</b>	<b>32,934</b>	6.6	44,190	8.4	75
<b>Non-operating income</b>					
Interest income	460		864		53
Dividends income	183		197		93
Other	4,521		4,503		100
Total non-operating income	5,164	1.0	5,564	1.0	93
<b>Non-operating expenses</b>					
Interest expenses	2,164		2,964		73
Foreign exchange loss	1,806		679		266
Other	4,704		3,466		136
Total non-operating expenses	8,674	1.7	7,109	1.3	122
<b>Extraordinary income</b>					
Gain on sales of noncurrent assets	113		4,239		3
Gain on sales of subsidiaries' and affiliates' common stock	638		268		238
Gain on transfer to defined contribution pension plan	—		115		—
Total extraordinary income	751	0.2	4,622	0.9	16
<b>Extraordinary loss</b>					
Loss on devaluation of investment securities	4,435		—		—
Impairment loss	107		11		973
Loss on disposal of fixed assets	40		661		6
Loss on structural reform	—		2,304		—
Allowance for doubtful accounts to affiliates	150		284		53
Allowance for loss on guarantees of affiliates' debt	—		988		—
Allowance for business losses of affiliates	368		—		—
Loss on transfer to defined contribution pension plan	—		236		—
Legal settlement expenses	—		114		—
Surcharge on violation of the Antitrust Law	—		667		—
Total extraordinary losses	5,100	1.0	5,265	1.0	97
<b>Income before income taxes and minority interests</b>	<b>25,075</b>	5.0	42,002	8.0	60
<b>Income taxes -current</b>	<b>12,066</b>		17,197		70
<b>Income taxes -deferred</b>	<b>1,450</b>		317		457
<b>Minority interests in income</b>	<b>1,962</b>	0.4	2,128	0.4	92
<b>Net income</b>	<b>9,597</b>	1.9	22,360	4.2	43

**Consolidated quarterly statements of cash flows**

(Millions of Yen)

	<b>End of 12/08</b>
<b>Net cash provided by (used in) operating activities</b>	
Income before income taxes and minority interests	25,075
Depreciation and amortization	23,351
Amortization of goodwill and negative goodwill	1,776
Loss on devaluation of investment securities	4,435
Interest and dividends income	(643)
Interest expenses	2,164
Decrease in notes and accounts receivable-trade	18,392
Increase in inventories	(7,957)
Decrease in notes and accounts payable-trade	(13,516)
Decrease in accrued expenses	(5,831)
Other, net	5,114
Subtotal	52,360
Income taxes paid	(22,114)
Net cash provided by (used in) operating activities	30,246
<b>Net cash provided by (used in) investment activities</b>	
Proceeds from sales of investment securities	879
Purchase of property, plant and equipment	(31,620)
Proceeds from sales of property, plant and equipment	1,646
Purchase of intangible assets	(1,769)
Interest and dividends income received	746
Other, net	(203)
Net cash provided by (used in) investment activities	(30,321)
<b>Net cash provided by (used in) financing activities</b>	
Increase in short-term loans payable	11,863
Proceeds from long-term loans payable	4,781
Repayment of long-term loans payable	(6,313)
Redemption of bonds	(10,565)
Interest expenses paid	(2,377)
Proceeds from sales of treasury stock	19
Purchase of treasury stock	(101)
Cash dividends paid	(4,583)
Cash dividends paid to minority shareholders	(641)
Net cash provided by (used in) financing activities	(7,917)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(3,068)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,060)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>47,821</b>
<b>Effect of changes in consolidated subsidiaries</b>	<b>(253)</b>
<b>Cash and cash equivalents at end of period</b>	<b>36,508</b>

## Notes to the Consolidated Financial Statements

**1. Changes in major subsidiaries during the period under review:** None

### **2. Adoption of the simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements**

1) Simplified financial accounting methods

(Valuation method for inventories)

With respect to the calculation of inventories at the end of the third quarter of the fiscal year ending March 31, 2009, a portion of the physical inventory is omitted and a reasonable method is used based on the previous consolidated fiscal year's physical inventory.

(Calculation method for depreciation for fixed assets)

Certain consolidated subsidiaries calculate the depreciation of fixed assets using a method whereby the estimated annual depreciation is proportionally distributed by period based on reasonable estimates.

(Method for calculating deferred tax assets and liabilities)

If it has been determined that no significant changes have arisen in the business environment or in the occurrence of temporary differences since the end of the previous consolidated fiscal year, the recoverability of deferred tax assets is calculated by a method using future earnings estimates based on a review of the previous consolidated fiscal year-end and tax planning. If on the other hand, it has been determined that significant changes have arisen in the business environment or in the occurrence of temporary differences since the end of the previous consolidated fiscal year, the recoverability of deferred tax assets is calculated by a method based on future earnings estimates used in the previous fiscal year's consolidated settlement of accounts and tax planning taking into account the impact of the aforementioned significant changes.

2) Special accounting methods for presenting of quarterly consolidated financial statements

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on income before income taxes and minority interests in the consolidated fiscal year, including the third quarter of the fiscal year ending March 31, 2009, and multiplying income before income taxes and minority interests for the third quarter of the fiscal year ending March 31, 2009 by said estimated effective tax rate.

### **3.Changes in the application of accounting polices, procedures and disclosures in the presenting of quarterly consolidated financial statements**

(Changes due to revisions in accounting standards)

1) Effective from the year ending March 31, 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting."

2) Effective for fiscal years beginning on or after April 1, 2008, "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16) has been applied. Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions. The revised accounting standard requires that all finance lease transactions be capitalized. Meanwhile, the existing accounting standard will continue to be used for finance leases other than those in which the ownership of the leased assets is to be transferred to lessees, and for which the lease start date is prior to the initial year of application. The application of this policy had no impact on operating income and income before income taxes and minority interests.

3) Effective from the first quarter of the fiscal year ending March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18), has been applied and, accordingly, some revisions have been made to the consolidated accounts as necessary. The application of this policy had no material impact on operating income and income before income taxes and minority interests.

(Changes other than the above)

(Changes in disclosure classification of statements of cash flows)

Given investors' growing interest in corporate value, effective from the first quarter of the fiscal year ending March 31, 2009, interest and dividends received as recorded in cash flows from operating activities have been included in cash flows from investing activities, and interest paid has been included in cash flows from financing activities, in order to appropriately conform interest expenses to the calculation of corporate value recognized as capital cost in similar fashion to cash dividends paid.

As a result of this change in disclosure classification, cash flows from operating activities increased by ¥1,631 million, cash flows from investing activities increased by ¥746 million and cash flows from financing activities decreased by ¥2,377 million, respectively.

(Additional Information)

As a result of reviewing its use of assets and other factors in the wake of revisions to the Corporate Tax Law, Hitachi Metals and its domestic consolidated subsidiaries have changed the useful life of machinery and equipment beginning from the first quarter of the fiscal year ending March 31, 2009. As a result of this change in accounting policy, operating income and income before income taxes and minority interests each decreased by ¥689 million.



## Business Segment Information

3rd quarter fiscal 2008 (Apr.1, 2008 - Dec. 31, 2008)

(Millions of yen)

	High-Grade Metal Products and Materials	Electronics and IT Devices	High-Grade Functional Components and Equipment	Services and Other	Subtotal	Eliminations and Corporate Assets	Total
<b>Sales:</b>							
Unaffiliated customers	201,586	90,985	134,182	69,992	496,745	—	496,745
Intersegment	21,293	26,384	22,175	4,665	74,517	(74,517)	—
<b>Total sales</b>	<b>222,879</b>	<b>117,369</b>	<b>156,357</b>	<b>74,657</b>	<b>571,262</b>	<b>(74,517)</b>	<b>496,745</b>
<b>Operating income</b>	<b>14,962</b>	<b>12,808</b>	<b>8,398</b>	<b>1,112</b>	<b>37,280</b>	<b>(4,346)</b>	<b>32,934</b>

3rd quarter fiscal 2007 (Apr.1, 2007 - Dec. 31, 2007)

(Millions of yen)

<b>Sales:</b>							
Unaffiliated customers	194,204	118,252	145,961	68,972	527,389	—	527,389
Intersegment	24,271	27,843	20,907	11,890	84,911	(84,911)	—
<b>Total sales</b>	<b>218,475</b>	<b>146,095</b>	<b>166,868</b>	<b>80,862</b>	<b>612,300</b>	<b>(84,911)</b>	<b>527,389</b>
<b>Operating income</b>	<b>21,087</b>	<b>15,668</b>	<b>12,425</b>	<b>519</b>	<b>49,699</b>	<b>(5,509)</b>	<b>44,190</b>

Notes:

1. Business segments have been determined in consideration of similarities in terms of product type, manufacturing method or sales method, or unit of receivership.

2. The Company and its subsidiaries operate in the following four business segments:

High-Grade Metal Products and Materials	High-grade specialty steels[YSS <sup>TM</sup> ] Molds and tool steels, Alloys for electronic products(display-related, semiconductor and other packages), automotive products(piston ring and CVT belt materials) and other infrastructure products Rolls for steel mill, Injection molding machine parts, Ceramic products and steel-frame joints for construction, Cutting tools, Other
Electronics and IT Devices	Permanent magnets (ferrite, rare-earth[NEOMAX®], casting) and applied products Amorphous metals [METGLAS®] and applied devices Multilayered devices and isolators for mobile phone Soft ferrite core, Nanocrystalline magnetic materials [FINEMET®] and applied devices
High-Grade Functional Components and Equipment	Heat-resistant exhaust casting components[HERCUNITE®], Ductile iron[HNM <sup>TM</sup> ] Aluminum wheels[SCUBA®] , other aluminum components Piping and infrastructure components(Gourd® pipe fittings, stainless steel and plastic piping components) Construction components including access flooring and structural systems
Services and Other	Other sales and services, Other

## Geographical Segment Information

3rd quarter fiscal 2008 (Apr.1, 2008 - Dec. 31, 2008)

(Millions of Yen)

	Japan	North America	Asia	Other	Subtotal	Eliminations and Corporate Assets	Total
<b>Consolidated Financial Report for the 6-month period ended September 30, 2008</b>							
Unaffiliated customers	349,766	56,491	65,441	25,047	496,745	—	496,745
Intersegment	72,183	5,209	28,809	204	106,405	(106,405)	—
<b>Total sales</b>	<b>421,949</b>	<b>61,700</b>	<b>94,250</b>	<b>25,251</b>	<b>603,150</b>	<b>(106,405)</b>	<b>496,745</b>
<b>Operating income</b>	<b>26,087</b>	<b>4,324</b>	<b>5,368</b>	<b>992</b>	<b>36,771</b>	<b>(3,837)</b>	<b>32,934</b>

3rd quarter fiscal 2007 (Apr.1, 2007 - Dec. 31, 2007)

(Millions of Yen)

Sales:							
Unaffiliated customers	371,202	63,755	68,903	23,529	527,389	—	527,389
Intersegment	71,367	11,342	33,165	499	116,373	(116,373)	—
<b>Total sales</b>	<b>442,569</b>	<b>75,097</b>	<b>102,068</b>	<b>24,028</b>	<b>643,762</b>	<b>(116,373)</b>	<b>527,389</b>
<b>Operating income</b>	<b>38,584</b>	<b>5,046</b>	<b>4,858</b>	<b>1,033</b>	<b>49,521</b>	<b>(5,331)</b>	<b>44,190</b>

## Overseas Sales

3rd quarter fiscal 2008 (Apr.1, 2008 - Dec. 31, 2008)

(Millions of Yen)

	North America	Asia	Europe	Other	Total
<b>Overseas sales</b>	<b>49,419</b>	<b>107,848</b>	<b>32,642</b>	<b>5,752</b>	<b>195,661</b>
<b>Consolidated sales</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>496,745</b>
<b>Overseas sales as a share of consolidated sales</b>	<b>9.9%</b>	<b>21.7%</b>	<b>6.6%</b>	<b>1.2%</b>	<b>39.4%</b>

3rd quarter fiscal 2007 (Apr.1, 2007 - Dec. 31, 2007)

(Millions of Yen)

Overseas sales	55,656	119,744	30,557	7,172	213,129
<b>Consolidated sales</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>527,389</b>
Overseas sales as a share of consolidated sales	10.5%	22.7%	5.8%	1.4%	40.4%

Note: Overseas sales represent sales made by the parent company and its consolidated subsidiaries in countries or regions other than Japan.